State of Utah

Department of
Environmental Quality

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Executive Director

DIVISION OF AIR QUALITY
Cheryl Heying
Director

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Governor

GARY HERBERT
Lieutenant Governor

DAQE-IN0141190001-08

April 18, 2008

Bill Wharton
EnCana Oil & Gas (USA) Inc.
P.O. Box 220
Naturita, Colorado 81422

Dear Mr. Wharton:

Re: Intent to Approve: New Bullhorn Natural Gas Compressor Station, San Juan County – CDS B; ATT; NSPS; Title V minor
Project Code: N014119-0001

The attached document is the Intent to Approve for the above-referenced project. The Intent to Approve is subject to public review. Any comments received shall be considered before an Approval Order is issued.

Future correspondence on this Intent to Approve should include the engineer's name as well as the DAQE number as shown on the upper right-hand corner of this letter. Please direct any questions you may have on this project to Mr. Tad Anderson. He may be reached at (801) 536-4456.

Sincerely,

Ty Howard, Manager
New Source Review Section

TH:TA:kw

cc: Southeastern Utah District Health Department

STATE OF UTAH

Department of Environmental Quality

Division of Air Quality

INTENT TO APPROVE: New Bullhorn Natural Gas Compressor Station

Prepared By: Tad Anderson, Engineer
(801) 536-4456
Email: tdanderson@utah.gov

APPROVAL ORDER NUMBER

DAQE-IN0141190001-08

Date: April 18, 2008

EnCana Oil & Gas (UAS) Inc.

Source Contact
Bill Whartion
(970) 864-7591

M. Cheryl Heying
Executive Secretary
Utah Air Quality Board

Abstract

EnCana Oil & Gas (USA) Inc. has requested to install and operate the new Bullhorn Natural Gas Compressor Station (NGCS). The Bullhorn NGCS consist of two natural gas operated internal combustion engines. The emission from the new EnCana's Bullhorn NGCS are as follows: 0.01 Tons Per Year (TPY) of $PM_{10,}$ 33.89 TPY of NO_X, 6.78 TPY of CO, 2.49 of TPY VOC, and 1.83 TPY of combined HAP's.

San Juan County is an attainment area of the National Ambient Air Quality Standards (NAAQS) for all pollutants. New Source Performance Standards (NSPS) Subpart JJJJ—Standards of Performance for Stationary Spark Ignition Internal Combustion Engines and National Emission Standards for Hazardous Air Pollutants (NESHAP) Subpart ZZZZ—National Emissions Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines regulations apply to this source. Title V of the 1990 Clean Air Act applies to this source as a minor area source.

The Notice of Intent (NOI) for the above-referenced project has been evaluated and has been found to be consistent with the requirements of the Utah Administrative Code Rule 307 (UAC R307). Air pollution producing sources and/or their air control facilities may not be constructed, installed, established, or modified prior to the issuance of an Approval Order (AO) by the Executive Secretary of the Utah Air Quality Board.

A 30-day public comment period will be held in accordance with UAC R307-401-7. A notice of intent to approve will be published in the San Juan Record on April 23, 2008. During the public comment period the proposal and the evaluation of its impact on air quality will be available for both you and the public to review and comment. If anyone so requests a public hearing, it will be held in accordance with UAC R307-401-7. The hearing will be held as close as practicable to the location of the source. Any comments received during the public comment period and the hearing will be evaluated.

Please review the proposed AO conditions during this period and make any comments you may have. The proposed conditions of the AO may be changed as a result of the comments received. Unless changed, the AO will be based upon the following conditions:

General Conditions:

1. This AO applies to the following company:

Site Office	Corporate Office Location
EnCana's Bullhorn NCGS Remote location, south east of Moab Moab, Utah 84532	EnCana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, Colorado 80202
Phone Number Fax Number	(720)876-3812 (720)876-4812

The equipment listed in this AO shall be operated at the following location:

Street Address & UTMs

From Moab take US Route 191 south to Route 46 east. Take right onto 113/2446 south (Big Indian Road). Stay left at fork onto route 313/2430 south (Lisbon Road). The compressor site is located on the left (east) of Lisbon Road approximately 5.9 miles after the intersection with Big Indian Road.

Universal Transverse Mercator (UTM) Coordinate System: UTM Datum NAD27
4,227.55 kilometers Northing, 659.69 kilometers Easting, Zone 12

2. All definitions, terms, abbreviations, and references used in this AO conform to those used in the Utah Administrative Code (UAC) Rule 307 (R307) and Title 40 of the Code of Federal Regulations (40 CFR). Unless noted otherwise, references cited in these AO conditions refer to those rules.

3. The limits set forth in this AO shall not be exceeded without prior approval in accordance with R307-401.

4. Modifications to the equipment or processes approved by this AO that could affect the emissions covered by this AO must be reviewed and approved in accordance with R307-401.

5. All records referenced in this AO or in applicable NSPS and/or NESHAP and/or MACT standards, which are required to be kept by the owner/operator, shall be made available to the Executive Secretary or Executive Secretary's representative upon request. Records shall be kept for the following minimum periods:

   A. All other records Two years

6. EnCana Oil & Gas (USA) Inc. (EnCana) shall install and operate the Bullhorn NGCS and shall conduct its operations in accordance with the terms and conditions of this AO, which was written pursuant to EnCana's Notice of Intent submitted to the Division of Air Quality (DAQ) on February 28, 2008 and additional information submitted to the DAQ on March 22, 2008.

7. The approved installations shall consist of the following equipment or equivalent*:

   A. Two (2) Natural Gas Compressors

Manufacturer:	Caterpillar
Model:	G3516 LE
Horsepower:	1,340 (each)
Horsepower(site rated):	1,170 (each)
Controls:	Oxidation Catalyst Low NO_X burners

Air-to-Fuel ratio controller (AFR)

* Equivalency shall be determined by the Executive Secretary.

8. EnCana shall notify the Executive Secretary in writing when the installation of the equipment listed in Condition #7 has been completed and is operational. To insure proper credit when notifying the Executive Secretary, send your correspondence to the Executive Secretary, attn: Compliance Section.

If the construction and/or installation has not been completed within eighteen months from the date of this AO, the Executive Secretary shall be notified in writing on the status of the construction and/or installation. At that time, the Executive Secretary shall require documentation of the continuous construction and/or installation of the operation and may revoke the AO in accordance with R307-401-18.

Limitations and Tests Procedures

9. Emissions to the atmosphere at all times from the indicated emission point(s) shall not exceed the following rates and concentrations:

Source: Natural Gas Compressors (each)

Pollutant	lb/hr	grams/bhp-hr
NO_x	3.87	1.5
CO	0.78	0.3

10. Stack testing to show compliance with the emission limitations stated in the above condition shall be performed as specified below:

A.

Emissions Point	Pollutant	Testing Status	Test Frequency
Each Compressor Engine	NO_x	**	@
	CO	**	@

B. Testing Status

** Initial compliance testing is required. The initial test date shall be performed as soon as possible and in no case later than 180 days after the start up of a new emission source, an existing source without an AO, or the granting of an AO to an existing emission source that has not had an initial compliance test performed. If an existing source is modified, a compliance test is required on the modified emission point that has an emission rate limit.

@ Compliance test at least once every five years or perform annual portable analyzer testing, subsequent to the initial compliance test. The Executive Secretary may require testing at any time.

C. Notification

The Executive Secretary shall be notified at least 30 days prior to conducting any required emission testing. A source test protocol shall be submitted to DAQ when the testing notification is submitted to the Executive Secretary.

The source test protocol shall be approved by the Executive Secretary prior to performing the tests. The source test protocol shall outline the proposed test methodologies, stack to be tested, and procedures to be used. A pretest conference shall be held, if directed by the Executive Secretary.

D. Sample Location

The emission point shall be designed to conform to the requirements of 40 CFR 60, Appendix A, Method 1, or other methods as approved by the Executive Secretary. An Occupational Safety and Health Administration (OSHA) or Mine Safety and Health Administration (MSHA) approved access shall be provided to the test location.

E. Volumetric Flow Rate

40 CFR 60, Appendix A, Method 2 or other testing methods approved by the Executive Secretary.

F. Nitrogen Oxides (NO_x)

40 CFR 60, Appendix A, Method 7, 7A, 7B, 7C, 7D, 7E, or other testing methods approved by the Executive Secretary.

G. Carbon Monoxide (CO)

40 CFR 60, Appendix A, Method 10, or other testing methods approved by the Executive Secretary.

H. Calculations

To determine mass emission rates (lb/hr, etc.) the pollutant concentration as determined by the appropriate methods above shall be multiplied by the volumetric flow rate and any necessary conversion factors determined by the Executive Secretary, to give the results in the specified units of the emission limitation.

I. New Source Operation

For a new source/emission point, the production rate during all compliance testing shall be no less than 90% of the production rate listed in this AO. If the maximum AO allowable production rate has not been achieved at the time of the test, the following procedure shall be followed:

1) Testing shall be at no less than 90% of the production rate achieved to date.

2) If the test is passed, the new maximum allowable production rate shall be 110% of the tested achieved rate, but not more than the maximum allowable production rate. This new allowable maximum production rate shall remain in effect until successfully tested at a higher rate.

3) The owner/operator shall request a higher production rate when necessary. Testing at no less than 90% of the higher rate shall be conducted. A new maximum production rate (110% of the new rate) will then be allowed if the test is successful. This process may be repeated until the maximum AO production rate is achieved.

J. Existing Source Operation

For an existing source/emission point, the production rate during all compliance testing shall be no less than 90% of the maximum production achieved in the previous three (3) years.

K. Internal Combustion Engines and Natural Fired Gas Boilers

Portable testing monitors may be used to test natural gas fired boilers and IC engines. If portable monitors are to be used an EPA method test must be performed at least once every five years. This applies to sources that do not have a federal testing requirement listed in an NSPS, NESHAP, MACT or other federal standards.

11. Visible emissions from the natural gas operated compressor shall not exceed 10% opacity. Opacity observations of emissions from stationary sources shall be conducted in accordance with 40 CFR 60, Appendix A, Method 9.

Fuels

12. EnCana shall use pipeline quality natural gas in the compressors.

Federal Limitations and Requirements

13. In addition to the requirements of this AO, all applicable provisions of 40 CFR 60, New Source Performance Standards (NSPS) Subpart A, 40 CFR 60.1 to 60.18 and Subpart JJJJ, 40 CFR 60.4230 to 60.4248 (Standards of Performance for Stationary Spark Ignition Internal Combustion Engines) and 40 CFR 63, National Emission Standards for Hazardous Air Pollutants for Source Categories Subparts A and ZZZZ, 40 CFR 63.6580 to 63.6675 (National Emissions Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines) apply to this installation.

Records & Miscellaneous

14. At all times, including periods of startup, shutdown, and malfunction, owners and operators shall, to the extent practicable, maintain and operate any equipment approved under this Approval Order, including associated air pollution control equipment, in a manner consistent with good air pollution control practice for minimizing emissions. Determination of whether acceptable operating and maintenance procedures are being used will be based on the information available to the Executive Secretary which may include, but is not limited to, monitoring results, opacity observations, review of operating and maintenance procedures, and inspection of the source. All maintenance performed on the equipment authorized by this AO shall be recorded.

15. The owner/operator shall comply with R307-150 Series. Inventories, Testing and Monitoring.

16. The owner/operator shall comply with R307-107. General Requirements: Unavoidable Breakdowns.

The Executive Secretary shall be notified in writing if the company is sold or changes its name.

Under R307-150-1, the Executive Secretary may require a source to submit an emission inventory for any full or partial year on reasonable notice.

This AO in no way releases the owner or operator from any liability for compliance with all other applicable federal, state, and local regulations including R307.

A copy of the rules, regulations and/or attachments addressed in this AO may be obtained by contacting the Division of Air Quality. The Utah Administrative Code R307 rules used by DAQ, the Notice of Intent (NOI) guide, and other air quality documents and forms may also be obtained on the Internet at the following web site:

http://www.airquality.utah.gov/

The annual emissions estimations below include point source only and do not include point source, fugitive emissions, fugitive dust, road dust, tail pipe emissions, grandfathered emissions etc. These emissions are for the purpose of determining the applicability of Prevention of Significant Deterioration, non-attainment area, Maintenance area, and Title V source requirements of the R307. They are not to be used for determining compliance.

The Potential To Emit (PTE) emissions for the Bullhorn NGCS are currently calculated at the following values:

	Pollutant	Tons/yr
A.	NO_x	33.89
B.	CO	6.78
C.	VOC	2.50
D.	HAPs	
	Formaldehyde	1.46

Acetaldehyde	0.16
Acrolein	0.10
Misc. other HAPs	0.11
Total HAPs	1.83

The DAQ is authorized to charge a fee for reimbursement of the actual costs incurred in the issuance of an AO. An invoice will follow upon issuance of the final AO.

Sincerely,

Ty Howard, Manager
New Source Review Section